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## East and West Approach Retirement from Opposite Directions

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By Editor Test     *Mon, Aug 15, 2011*

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*Starting from a level of great wealth, North Americans and Europeans feel a sense of decline, while Asians, starting from a level of deep poverty, feel a sense of upward mobility and optimism, according to a recent global survey by HSBC.*

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Though people in the Europe and North America are generally still much wealthier in absolute terms than their counterparts in Asia and Latin America, the latter groups are more likely to feel a sense of confidence and optimism about retirement.

That's one finding of the latest study conducted under HSBC's The Future of Retirement program. Entitled, [\*The Power of Planning\*](#), the new study was based on interviews with more than 17,000 educated, Internet-savvy urbanites in 17 countries.

The study found that Asians, with the exception of South Koreans, are less likely to associate retirement with "financial hardship" than Americans or Europeans. Between 35% and 45% of people in Poland, France, the UK, Canada and the U.S. feared financial hardship in their old age, but only 17% of people in China or Brazil, 18% in Mexico and 23% in India felt that way.

One reason for greater optimism about retirement among people in emerging markets: they save a lot more than Americans. Chinese households save the equivalent of an astonishing 38% of China's gross domestic product, while Indian households save 35% of GDP. In the U.S., the savings rate is estimated at 3.9% of GDP.

Starting from a height of great wealth, North Americans and Europeans feel a sense of decline, while Asians, starting from the depths of poverty, feel a strong sense of upward mobility.

The French, accustomed to early retirements, feel the greatest sense of loss. The percent of French respondents who think their retirement will be *worse* than their parents' was 56 percentage points greater than the percent who thought it would be better. For the U.S., the difference was 37 percentage points.

By contrast, the scores were a positive 62% among Chinese and 69% among Indians. In other words, the optimistic Asians far outnumbered the pessimists in this respect.

Britons between ages 30 and 60 were more worried about the decline in the generosity of their state and corporate pensions than those in any other country, with 58% and 57% citing that as the reason for believing that their generation will be less well-off in retirement than the preceding generation.

Yet the sensation of financial well-being and optimism about retirement is clearly relative. Although India's per capita gross national income rose by 87% between 2005 and 2011, it rose to only the equivalent of US\$1,180 from US\$630.

The sources of anxiety about retirement are very different in the East and West. While Europeans and

Americans tend to be concerned that their government-sponsored old age insurance programs are weakening, Asians are more concerned about the financial burden of caring for their elderly parents.

In India, where several generations often live beneath one roof, 32% of those surveyed expect to live with relatives in retirement—twice the global average. In China, where the single-child policy has created a situation where one child may have to support two retired parents for a period, 29% of those who said they were concerned about coping financially in retirement gave “looking after my parents in their old age” as the reason for their concern.

Wherever you go, however, anxiety about retirement gets stronger with age. In the HSBC study, 31% of 30-39-year-olds, 35% of 40-49-year-olds and 40% of 50-59-year-olds associated retirement with financial hardship. By contrast, 25% of 30-39-year-olds, 17% of 40-49-year-olds and 12% of 50-59-year-olds associated retirement with wealth.

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